ing a discharge, *Thompson* v. *Mauzy,* 174 Fed. 611; an order of allowance or disallowance of costs and expenses of administration—such as trustee's attorney's fees, *Davidson Co.* v. *Friedman,* 140 Fed. 853; a contest over a claim and lien, *In re Loving,* 224 U. S. 183; are "proceedings in bankruptcy" as contra-distinguished from "controversies arising in bankruptcy proceedings." If, however, the sole controversy is about the lien or priority and not about the debt, *Coder* v. *Arts,* supra (dictum), or if the trustee petitions for an order upon a third party, the bankrupt or his voluntary assignee, to surrender property in their possession belonging to the estate, *In re Hecox,* 164 Fed. 823; *Delta National Bank* v. *Easterbrook,* 133 Fed. 521; *Hinds* v. *Morse,* 134 Fed. 231; it is a "controversy arising in bankruptcy proceedings" claiming property in the custody of the bankruptcy court. *Liddon & Bros.* v. *Smith,* 135 Fed. 43; *Audubon* v. *Shufeldt,* 181 U. S. 575, and *Armstrong* v. *Fernandez,* 208 U. S. 324, in which the United States Supreme Court reviewed "proceedings in bankruptcy," are qualified and limited by the decision in *Tefft-Weller & Co.* v. *Munsuri,* 222 U. S. 114.

BANKRUPTCY—PREFERENCE IN ENFORCEMENT OF LIEN.—More than four months before his bankruptcy A gave bills of sale of personalty, of which he retained possession, as collateral security for indorsements by the pledgee, creating an equitable lien in the latter's favor, and within the four months' period sold the property and paid the proceeds to the pledgee. *Held,* that the enforcement, within four months of bankruptcy, of a lien acquired prior to that period did not constitute a preference which could be set aside by the trustee in bankruptcy. *Davis* v. *Billings* (Pa. 1916), 99 Atl. 163.

The enforcement of a lien obtained more than four months prior to the filing of the petition by taking possession and selling within the four months' period (*Woods* v. *Klein,* 223 Pa. St. 256, 265, 72 Atl. 523, 524; *First Nat. Bank* v. *Lanz,* 202 Fed. 117, 120 C. C. A. 275) or by merely taking possession (*Gage Lumber Co.* v. *McEldowney,* 207 Fed. 255, 262, 124 C. C. A. 641) does not constitute an illegal preference; nor does an execution and sale within such period under a judgment recovered prior thereto, and operating as a lien on real estate (*Owen* v. *Brown,* 120 Fed. 812, 57 C. C. A. 180), nor taking possession where required by the state law in order to perfect the lien as against third persons or the trustee (*Thompson* v. *Fairbanks,* 196 U. S. 516, 25 Sup. Ct. 306, 49 L. Ed. 577; *Humphrey* v. *Tatman,* 198 U. S. 93, 25 Sup. Ct. 568, 49 L. Ed. 956; *Coggan* v. *Ward,* 215 Mass. 13, 102 N. E. 336). But a lien created within the four months' period by levy, attachment, or otherwise is invalid under §67f. *Metcalf Bros. & Co.* v. *Barker,* 187 U. S. 165, 23 Sup. Ct. 67, 47 L. Ed. 122; *In re Ferguson,* 95 Fed. 429. If the transfer is recorded within the four months' period and "by law such recording or registering is required" (§60a) within the meaning of *Carey* v. *Donohue,* 240 U. S. 430, 36 Sup. Ct. 386, and *Bunch* v. *Maloney,* 233 Fed. 967, it would, under the circumstances of the principal case, be voidable by the trustee under §60b. *Martin* v. *Commercial Nat. Bank,* 228 Fed. 651, 143 C. C. A. 173; *Deupree* v. *Watson,* 216 Fed. 483, 132 C. C. A. 543. Recording of the instru-

ment was not "required" in the principal case, hence this point was not considered. See 15 MICH. L. REV. 69 and 14 MICH. L. REV. 578 for discussions of *Carey* v. *Donohue* and *Bunch* v. *Maloney*.

BILLS AND NOTES—ACCOMMODATION CO-MAKER NOT DISCHARGED BY EXTENSION OF TIME OF PAYMENT.—Defendant was an accommodation co-maker on a promissory note. Plaintiff, payee of the note, had knowledge of this relation when the note was made. In suit upon the note, *held* that under §§119 and 120 of the NEGOTIABLE INSTRUMENTS ACT an extension of time granted to the principal debtor by the payee for a valuable consideration was no defense and would not release the defendant as accommodation co-maker. *Graham* v. *Shepherd* (Tenn. 1916), 189 S. W. 867.

Prior to the NEGOTIABLE INSTRUMENTS ACT the general rule regarding co-makers of a note was that one signing for the accommodation of another was discharged by an extension of time given the principal debtor, if for value, and if the holder had knowledge of the true relation between the co-makers. *Ward* v. *Stout,* 32 Ill. 399; *Harris* v. *Brooks,* 21 Pick. 195; *Hubbard* v. *Gurney,* 64 N. Y. 457; *Barron* v. *Cady,* 40 Mich. 259; *White* v. *Whitney,* 51 Ind. 124. This was on the ground that the relation of principal and surety exists between the accommodated party and the accommodation maker, at least so far as their own interests are concerned, and a holder with knowledge must respect that relationship. *Cummings* v. *Little,* 45 Me. 183; *State Bank* v. *Smith,* 155 N. Y. 185; *Parker* v. *Ingram, 22* N. H. 283. But five states refused to allow the accommodation party to set up this defense. *Bull* v. *Allen,* 19 Conn. 101; *Yates* v. *Donaldson,* 5 Md. 389; *Anthony* v. *Fritz,* 45 N. J. L. 1; *Farrington* v. *Gallaway,* 10 Oh. St. 543; *Stroop* v. *McKenzie,* 38 Tex. 133. This almost universal rule of the common law based upon the equitable rules of suretyship as applied to negotiable instruments has been overthrown by the NEGOTIABLE INSTRUMENTS ACT, according to the decisions of the courts of the states where the question has arisen since the adoption of that law. They reason that, since a co-maker is by the terms of the instrument absolutely required to pay the same, he is a party primarily liable under §140 of the law. §119 gives the methods whereby a negotiable instrument may be discharged; §120 those whereby a party secondarily liable may be discharged. The defense relied upon by the defendant in the principal case falls under §120 and not under §119, hence the defendant being primarily liable is not discharged. The courts have uniformly held that the methods of discharge specified are exclusive. *Bank* v. *Williams,* 164 Ky. 143, 175 S. W. 10; *Union Trust Co.* v. *McGinty,* 212 Mass. 205, 98 N. E. 679; *Bank* v. *Douglas,* 178 Mo. App. 664, 101 S. W. 601; *Richards* v. *Bank Co.* 81 Oh. St. 348, 90 N. E. 1000; *Cellars* v. *Meachern,* 49 Ore. 186, 13 Ann. Cas. 997; *Vanderford* v. *Farmers' Bank,* 105 Md. 164, 66 Atl. 47; *Walstenholme* v. *Smith,* 34 Utah, 300, 97 Pac. 329; *Bradley Co.* v. *Heyburn,* 56 Wash. 628, 106 Pac. 170; *Citizens' Bank* v. *Toplitz,* 81 App. Div. 593, 81 N. Y. Supp. 422 (affirmed in 178 N. Y. 464 on another ground, the court refusing to pass on the question raised in the court below). In Iowa it has been held that when the question arises between the original parties to the